

# SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

## CONFLICT OF INTEREST POLICY

### 1. INTRODUCTION

This Conflict of Interest Policy (“**Policy**”) applies to all Directors, major shareholders, and employees of Solar District Cooling Group Berhad (“**the Company**”) and its subsidiary(ies) (“**the Group**”), including full time or permanent employees or employees on secondment, fixed-terms and contract terms.

The Group is committed to maintaining the highest of ethical standards and recognises that it must be seen at all times to be acting in accordance with highest standards of governance. In this regard, all staff are expected to conduct themselves with integrity, impartiality and professionalism at all times, and to avoid any conflict of interest that may arise in the performance of their duties.

This Policy applies whenever an individual recognises, or should reasonably recognise, that a conflict of interest may arise from their current or future activities. The Policy provides guidance on how to identify and declare all conflicts of interest, how to develop, implement and monitor actions to appropriately manage the conflict, and how to deal with breaches of this Policy. The scope of this Policy is relatively wide in its coverage of activities that may give rise to conflicts of interest. As it is not possible for the Policy to be all-inclusive, Directors, major shareholders, and employees must exercise reasonable judgement and comply with the spirit of this Policy and not just the letter of the Policy.

### 2. PURPOSE

The purpose of this Policy is to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively. It is intended to provide guidance on how to deal with conflict-of-interest situations as they arise.

Proper identification and management of conflicts of interest ensures that business decisions are made in the best interests of the Group and the Group is protected from any consequent damage to its activities and reputation.

### 3. IDENTIFYING CONFLICTS OF INTEREST

In general, a conflict of interest would arise where a person’s ability to perform his/her duties effectively and impartially is potentially impaired by personal interests, considerations or relationships.

Generally, conflicts of interest may be described under the following broad categories:

#### (i) **Equity ownership in entities having a business relationship with the Group**

This is where a Director, major shareholder or an employee holds shares in privately-owned entities having a business relationship with the Group, either directly or indirectly (e.g. through a family member (for this Policy, “family member” comprises employee’s spouse, parents, children, brothers, sisters and spouse of child, brother or sister)). This does not apply to shares held in publicly-quoted companies which have a business relationship with the Group, unless such holding is considered to be material and the interest is likely to impair the objectivity of the Director or employee concerned.

**(ii) Directorship, partnership or other forms of beneficial interest in entities having a business relationship with the Group**

This applies to situations where a Director, major shareholder or employee holds a position or has an interest in entities having a business relationship with the Group. An example would be where an employee of the Group is a Director of a company supplying materials to the Group. Such situations would result in a conflict of interest.

**(iii) Other employment, business appointments or undertakings**

A conflict of interest may arise where employees hold other part-time employment, or have other business appointments or undertakings. An employee is expected to devote his/her time, attention and commitment during work hours to his/her job duties. A conflict of interest can also arise where participation in any business activity outside working hours demands excessive time and attention from the employee, thereby depriving the Group of the employee's best effort on the job or resulting in a negative impact on performance.

**(iv) Personal relationships**

A conflict of interest would exist if a family member of an employee has a reporting relationship with the employee. An employee should not be in the same department / division as a family member, and should not directly or indirectly supervise, or be in a position to influence the hiring, work assignments or assessments of the family member. A conflict of interest would also arise if a Director or employee has a family member with an interest (e.g. in the form of ownership, directorships, partnerships, employment, etc.) in entities which have a contractual arrangement with the Group. An example would be where the spouse of an employee of the Group is working in a company providing consultancy services to the Group. This also applies to situations where a family member of a staff of the Group is working in a company bidding for a project to be awarded by the Group, although there is no contractual arrangement yet.

**(v) Contractual dealings with employees**

This refers to situations where the Group purchases or leases property, equipment, materials, etc. from Directors, major shareholders or employees, or enters into contractual arrangements with Directors or employees (other than employment contracts). Such situations give rise to a conflict of interest, and should not occur except in exceptional circumstances.

**(vi) Dealings with competitors**

If a Director, major shareholder, employee or family member of a Director or employee has financial or other interests or any involvement in the business of a competitor, or holds a directorship in a competitor, such a situation would give rise to a conflict of interest. This does not apply to the holding of publicly-quoted shares of competitor companies, unless such holding is considered to be material and the interest is likely to impair the objectivity of the Director or employee concerned. If an employee has accepted employment with a competitor, this could also result in a conflict of interest during the period which the employee is still employed with the Group, especially if the employee is dealing with sensitive or confidential information. As such, the conflict of interest must be declared immediately upon acceptance of employment with the competitor to enable the Group to take the necessary actions to manage the conflict.

**(vii) Involvement in activities where the Director or employee concerned is the subject matter**

A conflict of interest arises if a Director or employee participates in activities where he/she is the subject of the discussion or where the decision involves him/her. An example of this situation is where an allegation is made against a Director or employee through the whistleblowing channel, and the Director or employee is part of the investigating team tasked with investigating the allegation.

**(viii) Acceptance of meals or entertainment**

The acceptance of meals or entertainment may affect a Director's or employee's objectivity and judgement. It is the responsibility of the Director or employee to comply with the Group's **Anti-Bribery and Corruption Policy** to ensure that nothing is received / given which might create a conflict of interest or bring their integrity into question.

**4. GENERAL RESPONSIBILITIES**

All employees are responsible for identifying and managing conflicts of interest on an ongoing basis and are required to:

- (i) Comply with this Policy and other applicable policies and guidelines relating to the identification, documentation, escalation and management of conflicts of interest;
- (ii) Act with objectivity, integrity and independence, and exercise sound judgement and discretion;
- (iii) Avoid, wherever possible, situations giving rise to conflicts of interest as described in this Policy; and
- (iv) Immediately declare the conflict of interest in accordance with this Policy, remove themselves from the decision-making process and not seek to influence such decisions any further.

**5. MANAGING CONFLICTS OF INTEREST**

- (i) Any conflict of interest must be declared by filling up the Conflict of Interest Declaration Form. The conflict of interest must be escalated to the Head of Department ("**HOD**") for further action. In the case of Directors, the conflict must be disclosed to the Board of Directors ("**Board**") and recorded by the Company Secretary. The declaration shall be made as and when the conflict arises, and shall be made at the earliest opportunity, i.e. as soon as the Director or employee becomes aware of the conflict.
- (ii) The completed Conflict of Interest Declaration Form shall be forwarded to the Human Resources Executive ("**HR**") by the HOD of the person with the conflict. A sample of the Conflict of Interest Declaration Form is attached in *Appendix 1*.
- (iii) In addition to declaring the conflict of interest, appropriate steps must be taken to manage the conflict and to mitigate the impact of the conflict on the decision-making process. Ideally, the conflict should be avoided altogether, e.g. by relinquishing the interest that gives rise to the conflict. However, there are circumstances where it may not be practical to totally avoid the conflict, in which case, appropriate actions must be taken, depending on the nature and severity of the conflict.
- (iv) Where the conflict is not likely to arise frequently, and the impact of the conflict is minimal, the participation of the person in the decision-making process should be restricted. Restriction should include, but is not limited to the following:

- (a) Not participating in any critical criteria setting or decision-making role in the process.
  - (b) Refraining from discussions about the matter.
  - (c) Limiting access to information and denying access to sensitive documents or confidential information in the process.
  - (d) Abstaining from voting on the decision.
- (v) Where the conflict is ongoing and could have serious implications, the person with the conflict should be removed from the process, which includes the following:
- (a) Abstaining from any involvement whatsoever in the matter.
  - (b) Rearranging duties and responsibilities to a non-conflicting function but not to a person who is supervised by the person with the conflict.
  - (c) Transferring the person with the conflict to another project or another area of the Group.

## **6. MONITORING CONFLICTS OF INTEREST**

- (i) The HR is responsible for monitoring conflicts of interest involving staff. Upon receiving the Conflict of Interest Declaration Form, the HR shall review the actions taken to address the conflict and decide, on a case-by-case basis whether such actions are appropriate and/or sufficient.
- (ii) If the HR is of the view that actions taken by the person with the conflict or the HOD is not sufficient to manage or address the conflict, further action shall be recommended by the HR.
- (iii) In the event of a dispute between the person with the conflict or his/her HOD and the HR, the matter shall be escalated to the Chief Executive Officer / Managing Director / Executive Director for a decision to be made. The HR shall be consulted if there are any doubts with regards to a conflict-of-interest situation.
- (iv) For conflicts of interest involving staff, the HR shall maintain records of all conflict-of-interest declarations as well as other related documents such as documentation reflecting the mitigating actions taken. For conflicts of interest involving Directors, the Company Secretary shall maintain records of the declarations and any related documents.

## **7. BREACH OF POLICY**

Failure to disclose a conflict of interest, provide complete and accurate information on the conflict or appropriately manage the conflict is a breach of this Policy and could result in disciplinary action being taken by the Group.

## **8. REVIEW**

The Policy is to be regularly reviewed by the Board and key senior management of the Company as and when required to ensure that it continues to remain relevant and appropriate.

This Policy was adopted by the Board on 20 September 2023.

**END**

**CONFLICT OF INTEREST DECLARATION FORM**

<b>Name:</b>		<b>Staff ID.:</b>	
<b>Phone No.:</b>		<b>Email Address:</b>	
<b>Immediate superior:</b>		<b>Designation / Department:</b>	

**Details of Conflict of Interest**

**Description of conflict:**

**When did the conflict arise?**

**Impact / potential impact of conflict:**

**Actions taken to address conflict:**

**CONFLICT OF INTEREST DECLARATION FORM (Cont'd)**

<p><b>Disclosure of conflict</b></p> <p><b>Disclosed to Head of Department (“HOD”): Yes / No</b></p> <p><b>Date of disclosure to HOD:</b></p>
<p><b>Declaration:</b></p> <p>I hereby declare that the information provided herein is complete and accurate.</p> <p>.....</p> <p>Name:</p> <p>Date:</p> <p>Acknowledged by HOD:</p>
<p><b>Remarks by HR Executive:</b></p>